

Senate Bill No. 1236

CHAPTER 859

An act to amend Sections 11550, 11552, 12800, and 12803 of, to add Section 12813 to, and to add Part 8.5 (commencing with Section 15550) to Division 3 of Title 2 of, the Government Code, to amend Sections 50 and 1141 of, and to add Sections 18.5 and 19.5 to, the Labor Code, and to amend Section 301 of the Unemployment Insurance Code, relating to governmental reorganization.

[Approved by Governor September 25, 2002. Filed
with Secretary of State September 25, 2002.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1236, Alarcon. Labor and Workforce Development Agency.

(1) Existing law does not provide for the establishment of a Labor and Workforce Development Agency in state government.

This bill would create a Labor and Workforce Development Agency in state government consisting of the Department of Industrial Relations, the Employment Development Department, the Agricultural Labor Relations Board, and the Workforce Investment Board. The agency would be under the supervision of the Secretary of Labor and Workforce Development who would be appointed by the Governor, subject to confirmation by the Senate. The bill would specify that funding for the new agency be achieved from reallocation of existing resources currently allocated to the various entities that would form the agency, but would provide that no funds may be provided by the Agricultural Labor Relations Board. It would also specify that no appropriation of new General Fund moneys would be permitted to implement the bill.

(2) Existing law provides for the Director of Industrial Relations to receive an annual salary of \$91,054, as adjusted.

This bill instead would provide for the director to receive an annual salary of \$85,402, as adjusted.

(3) This bill would make conforming changes and other related changes in governmental reorganization of state agencies.

The people of the State of California do enact as follows:

SECTION 1. It is in the public interest to create a Labor and Workforce Development Agency, and to appoint a secretary and other officers of this agency, because the creation of this agency, appointment

of these officers, and the corresponding reorganization of other agencies, will do all of the following:

(a) Simplify, strengthen, and improve the operation and management of programs that protect and provide services to California's workers and employers.

(b) Eliminate duplication, achieve cost efficiencies, and promote accountability and program access.

(c) Allow the state to marshal its resources to systematically match worker training programs with regional labor market needs to create skilled, middle-class jobs that offer a secure future to Californians.

(d) Create a primary point of accountability for the administration and the Legislature to measure the success and the needs of the workforce investment system.

(e) Ensure that there is a cabinet-level voice for workforce-related issues raised for the Governor's consideration and decision.

(f) More closely coordinate enforcement activities so the Employment Development Department can capture lost revenue from the underground economy while the Department of Industrial Relations protects workers exploited in the underground economy.

(g) Coordinate and manage information and data on the workforce and economy with a partnership between the Department of Industrial Relations Division of Labor Statistics and Research and the Employment Development Department Labor Market Information Division.

(h) Build on the successful One-Stop Taxpayer Service Centers operated by the Employment Development Department, the Franchise Tax Board, and the Board of Equalization by adding services for employers and workers, including information on workers' compensation, labor standards, safe working conditions, and job training opportunities.

(i) Consolidate service points throughout California for the Employment Development Department, Department of Industrial Relations, and the Agricultural Labor Relations Board.

(j) Coordinate the apprenticeship programs in the Department of Industrial Relations with the employment and training programs at the Employment Development Department to meet the growing need and demand for skilled trade and craft workers.

(k) Strengthen protection for sick or injured California workers by closer cooperation between the disability insurance program at the Employment Development Department and the workers' compensation program at the Department of Industrial Relations.

SEC. 2. (a) It is the intent of the Legislature in enacting this act that the reorganization plan provided for in this act does not transfer any



functions to or from the Agricultural Labor Relations Board, the California Workforce Investment Board, California Apprenticeship Council, California Occupational Safety and Health Appeals Board, Occupational Safety and Health Standards Board, Commission on Health and Safety and Workers' Compensation, Industrial Medical Council, Industrial Welfare Commission, Workers' Compensation Appeals Board, State Compensation Insurance Fund, Employment Development Department, California Unemployment Insurance Appeals Board, and Employment Training Panel.

(b) It is the intent of the Legislature in enacting this act that, in order to effectuate the reorganization plan provided for in this act, and pursuant to subdivisions (c), (d), and (e) of Section 12080.3 of the Government Code, all of the following related to any governmental entity that become a part of the Labor and Workforce Development Agency as a result of this plan shall be transferred to, and be under the jurisdiction of, the Labor and Workforce Development Agency:

- (1) State civil service employees.
- (2) Personnel records and property.
- (3) Unexpended balances of appropriations and of other funds available for use.

SEC. 3. Section 11550 of the Government Code is amended to read:

11550. Effective January 1, 1988, an annual salary of ninety-one thousand fifty-four dollars (\$91,054) shall be paid to each of the following:

- (a) Director of Finance.
- (b) Secretary of Business, Transportation and Housing.
- (c) Secretary of Resources.
- (d) Secretary of Health and Human Services.
- (e) Secretary of State and Consumer Services.
- (f) Commissioner of the California Highway Patrol.
- (g) Secretary of the Youth and Adult Correctional Agency.
- (h) Secretary of Food and Agriculture.
- (i) Secretary of Technology, Trade, and Commerce.
- (j) Secretary of Veterans Affairs.
- (k) Secretary of Labor and Workforce Development.

The annual compensation provided by this section shall be increased in any fiscal year in which a general salary increase is provided for state employees. The amount of the increase provided by this section shall be comparable to, but shall not exceed, the percentage of the general salary increases provided for state employees during that fiscal year.

SEC. 4. Section 11552 of the Government Code is amended to read:



11552. Effective January 1, 1988, an annual salary of eighty-five thousand four hundred two dollars (\$85,402) shall be paid to each of the following:

- (a) Commissioner of Financial Institutions.
- (b) Commissioner of Corporations.
- (c) Insurance Commissioner.
- (d) Director of Transportation.
- (e) Real Estate Commissioner.
- (f) Director of Social Services.
- (g) Director of Water Resources.
- (h) Director of Corrections.
- (i) Director of General Services.
- (j) Director of Motor Vehicles.
- (k) Director of the Youth Authority.
- (l) Executive Officer of the Franchise Tax Board.
- (m) Director of Employment Development.
- (n) Director of Alcoholic Beverage Control.
- (o) Director of Housing and Community Development.
- (p) Director of Alcohol and Drug Abuse.
- (q) Director of the Office of Statewide Health Planning and Development.
- (r) Director of the Department of Personnel Administration.
- (s) Chairperson and Member of the Board of Equalization.
- (t) Secretary of Technology, Trade, and Commerce.
- (u) State Director of Health Services.
- (v) Director of Mental Health.
- (w) Director of Developmental Services.
- (x) State Public Defender.
- (y) Director of the California State Lottery.
- (z) Director of Fish and Game.
- (aa) Director of Parks and Recreation.
- (ab) Director of Rehabilitation.
- (ac) Director of Veterans Affairs.
- (ad) Director of Consumer Affairs.
- (ae) Director of Forestry and Fire Protection.
- (af) The Inspector General pursuant to Section 6125 of the Penal Code.
- (ag) Director of Child Support Services.
- (ah) Director of Industrial Relations.

The annual compensation provided by this section shall be increased in any fiscal year in which a general salary increase is provided for state employees. The amount of the increase provided by this section shall be



comparable to, but shall not exceed, the percentage of the general salary increases provided for state employees during that fiscal year.

SEC. 5. Section 12800 of the Government Code is amended to read:

12800. There are in the state government the following agencies: State and Consumer Services; Business, Transportation and Housing; California Environmental Protection; California Health and Human Services; Labor and Workforce Development; Resources; Technology, Trade, and Commerce; and Youth and Adult Correctional.

Whenever the term “Agriculture and Services Agency” appears in any law, it means the “State and Consumer Services Agency,” and whenever the term “Secretary of Agriculture and Services Agency” appears in any law, it means the “Secretary of State and Consumer Services.”

Whenever the term “Business and Transportation Agency” appears in any law, it means the “Business, Transportation and Housing Agency,” and whenever the term “Secretary of the Business and Transportation Agency” appears in any law, it means the “Secretary of Business, Transportation and Housing.”

Whenever the term “Health and Welfare Agency” appears in any law, it means the “California Health and Human Services Agency,” and whenever the term “Secretary of the Health and Welfare Agency” appears in any law, it means the “Secretary of California Health and Human Services.”

SEC. 6. Section 12803 of the Government Code is amended to read:

12803. (a) The California Health and Human Services Agency consists of the following departments: Health Services; Mental Health; Developmental Services; Social Services; Alcohol and Drug Abuse; Aging; Rehabilitation; and Community Services and Development.

(b) The agency also includes the Office of Statewide Health Planning and Development and the State Council on Developmental Disabilities.

(c) The Department of Child Support Services is hereby created within the agency commencing January 1, 2000, and shall be the single organizational unit designated as the state’s Title IV-D agency with the responsibility for administering the state plan and providing services relating to the establishment of paternity or the establishment, modification, or enforcement of child support obligations as required by Section 654 of Title 42 of the United States Code. State plan functions shall be performed by other agencies as required by law, by delegation of the department, or by cooperative agreements.

SEC. 7. Section 12813 is added to the Government Code, to read:

12813. The Labor and Workforce Development Agency consists of the following:

(a) Office of the Secretary of Labor and Workforce Development.

(b) Agricultural Labor Relations Board.

(c) California Workforce Investment Board.

(d) Department of Industrial Relations, including the California Apprenticeship Council, California Occupational Safety and Health Appeals Board, California Occupational Safety and Health Standards Board, Commission on Health and Safety and Workers' Compensation, Industrial Medical Council, Industrial Welfare Commission, State Compensation Insurance Fund, and Workers' Compensation Appeals Board.

(e) Employment Development Department, including the California Unemployment Insurance Appeals Board, and the Employment Training Panel.

SEC. 8. Part 8.5 (commencing with Section 15550) is added to Division 3 of Title 2 of the Government Code, to read:

PART 8.5. LABOR AND WORKFORCE DEVELOPMENT AGENCY

CHAPTER 1. GENERAL PROVISIONS

15550. As used in this part, "agency" and "secretary" refer to the Labor and Workforce Development Agency and the Secretary of Labor and Workforce Development, respectively, unless the context otherwise requires.

15551. The Labor and Workforce Development Agency in state government is under the supervision of an executive officer known as the Secretary of Labor and Workforce Development. The secretary shall be appointed by the Governor, subject to confirmation by the Senate, and shall hold office at the pleasure of the Governor.

15552. The Governor may appoint two deputies, subject to confirmation by the Senate, to assist the secretary. These officers shall serve at the pleasure of the secretary.

15553. Any entity within the Labor and Workforce Development Agency may share information for research, enforcement, or training with any other entity in the agency without a confidentiality agreement, except as the secretary may require.

CHAPTER 2. POWERS AND DUTIES

15554. The secretary has the power of general supervision over, and is directly responsible to the Governor for, the operations of each department, office, and unit within the agency. The secretary may issue those orders as the secretary deems appropriate to exercise any power or



jurisdiction, or to assume or discharge any responsibility, or to carry out or effect any of the purposes vested by law in any department in the agency. However, except with respect to the Workforce Investment Board, nothing in this part authorizes the secretary to exercise any power or jurisdiction, or assume or discharge any responsibility related to the administration of the state Compensation Insurance Fund, or to investigation, adjudication, rulemaking, or legal representation that is vested by other provisions of law exclusively in any board, commission, council, or other appointive multimember body that is organizationally located within the Labor and Workforce Development Agency or within any of its departments.

15555. The secretary shall advise the Governor on, and assist the Governor in, establishing major policy and program matters affecting each department, office, or other unit within the agency, and shall serve as the principal communication link for the effective transmission of policy problems and decisions between the Governor and each department, office, or other unit.

15556. The secretary shall exercise the authority vested in the Governor in respect to the functions of each department, office, or other unit within the agency, including the adjudication of conflicts between or among the departments, offices, or other units, and shall represent the Governor in coordinating the activities of each department, office, or other unit within the agency with those of other agencies, whether federal, state, or local.

15557. The secretary shall be generally responsible for the sound fiscal management of each department, office, or other unit within the agency. The secretary shall review and approve the proposed budget of each department, office, or other unit. The secretary shall hold the head of each department, office, or other unit responsible for management control over the administrative, fiscal, and program performance of his or her department, office, or other unit. The secretary shall review the operations and evaluate the performance at appropriate intervals of each department, office, or other unit, and shall seek continually to improve the organizational structure, the operating policies, and the management information systems of each department, office, or other unit.

15558. Other duties of the secretary include, but are not limited to, reviewing personnel management, acting as public advisor and providing public information in connection with all functions of the agency, overseeing the implementation of the workforce investment system to ensure that it better responds to the employment, training, and education needs of its customers, and consolidating service points and One-Stop Taxpayer Service Centers for employers and workers by adding services that are within the agency's authority.



15559. The secretary shall develop and report to the Governor on legislative, budgetary, and administrative programs to accomplish comprehensive, long-range, coordinated planning and policy formulation in the matters of public interest related to the agency. To accomplish this end, the secretary may hold public hearings, consult with and use the services and cooperation of other state agencies, employ staff and consultants, and appoint advisory and technical committees to assist in the work.

15560. For the purpose of administration, the secretary shall organize the agency, subject to the approval of the Governor, in the manner he or she deems necessary to segregate and conduct the work of the agency. The secretary may require any department, office, or unit to assist in enforcing any law within the jurisdiction of the agency, except as provided in Section 15554.

15561. The secretary and any other officer or employee within the agency designated in writing by the secretary shall have the power of a head of a department pursuant to Article 2 (commencing with Section 11180) of Chapter 2 of Part 1.

15562. Whenever a power is granted to the secretary, the power may be exercised by an officer or employee within the agency as designated in writing by the secretary.

SEC. 9. Section 18.5 is added to the Labor Code, to read:

18.5. “Agency” means the Labor and Workforce Development Agency.

SEC. 10. Section 19.5 is added to the Labor Code, to read:

19.5. “Secretary” means the Secretary of Labor and Workforce Development.

SEC. 11. Section 50 of the Labor Code is amended to read:

50. There is in the Labor and Workforce Development Agency the Department of Industrial Relations.

SEC. 12. Section 1141 of the Labor Code is amended to read:

1141. (a) There is hereby created in the Labor and Workforce Development Agency the Agricultural Labor Relations Board, which shall consist of five members.

(b) The members of the board shall be appointed by the Governor with the advice and consent of the Senate. The term of office of the members shall be five years, and the terms shall be staggered at one-year intervals. Upon the initial appointment, one member shall be appointed for a term ending January 1, 1977, one member shall be appointed for a term ending January 1, 1978, one member shall be appointed for a term ending January 1, 1979, one member shall be appointed for a term ending January 1, 1980, and one member shall be appointed for a term ending January 1, 1981. Any individual appointed to fill a vacancy of



any member shall be appointed only for the unexpired term of the member to whose term he or she is succeeding. The Governor shall designate one member to serve as chairperson of the board. Any member of the board may be removed by the Governor, upon notice and hearing, for neglect of duty or malfeasance in office, but for no other cause.

SEC. 13. Section 301 of the Unemployment Insurance Code is amended to read:

301. There is in the Labor and Workforce Development Agency the Employment Development Department, which is vested with the duties, purposes, responsibilities, and jurisdiction heretofore exercised by the State Department of Benefit Payments or the California Health and Human Services Agency with respect to job creation activities. The Employment Development Department shall be administered by an executive officer known as the Director of Employment Development who is vested with the duties, purposes, responsibilities, and jurisdiction heretofore exercised by the Director of Benefit Payments with respect to the following functions:

- (a) Job creation activities.
- (b) Making manual computations and making or denying recomputations of the amount and duration of benefits.
- (c) Determination of contribution rates and the administration and collection of contributions, penalties and interest, including but not limited to filing and releasing liens.
- (d) Establishment, administration, and transfer of reserve accounts.
- (e) Making assessments and the administration of credits and refunds.
- (f) Approving elections for coverage or for financing unemployment and disability insurance coverage.

SEC. 14. Notwithstanding Section 11552 of the Government Code, as amended by Section 4 of this act, the person appointed and serving as Director of Industrial Relations as of January 1, 2003, shall retain the annual salary prescribed by Section 11550 of the Government Code, for the duration of his or her term of office.

SEC. 15. (a) Funding for the Labor and Workforce Development Agency shall be achieved through reallocation of existing resources currently allocated to the various entities that would form the agency, except that no funds may be provided by the Agricultural Labor Relations Board.

(b) No new General Fund moneys may be appropriated to implement this act.

